



## Michigan Office of Financial & Insurance Services

### **PROPERTY & LIABILITY INSURANCE RULE, RATE & POLICY FORM FILING PROCEDURES MANUAL FOR NON-SERFF FILINGS**

**Insurance Bulletin 97-03 explains that you should not submit policy forms to us unless: they are for credit insurance; you have not previously had a Michigan no-fault auto policy approved in Michigan; or you are a rating organization.**

**Except for workers compensation coverage, you should not submit commercial property/casualty insurance rules and rates to us when you place the following or a similar prominent disclaimer on all your policy forms for the particular type of insurance: "This policy is exempt from the filing requirements of MCL 500.2236."**

*This revised manual replaces all previously communicated filing procedures.*

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## Required Filing Forms:

- [\[PDF\]](#) Property & Casualty Transmittal Document (Instructions)
- [\[PDF\]](#) Intelligent Property & Casualty Transmittal Document
- [\[Word|PDF\]](#) NAIC Property & Casualty Uniform Transmittal Document
- [FIS 0782](#) Time Deviation Data Sheet
- [FIS 0789](#) Loss Cost Multiplier Manual Page
- [FIS 0797](#) Application for an Individual Risk

Our website [www.michigan.gov/ofis](http://www.michigan.gov/ofis) provides links to the Michigan Insurance Code and to OFIS bulletins issued after 1971.

## MANUAL INTRODUCTION

### PURPOSE

This manual is designed to provide you (insurers and rating organizations) with instructions and filing forms for Property & Liability insurance products offered in Michigan. Conformance with manual instructions will ensure that you receive a timely response to rule, rate, and policy form submissions.

Filings that do not contain the mandatory filing components will be returned without review. Our response will show which components need correction.

### MANUAL UPDATES

The text in this manual contains a sequential page numbering system and filing forms with unique identification numbers and edition dates. We will post all manual and filing form revisions on our website for use in future filings.

### FORMAT

This manual is divided into a number of chapters. Each chapter will deal with specific topics that require filings by insurers and rating organizations.

### ACTIONS WE WILL TAKE TO ACKNOWLEDGE AND RECORD YOUR FILING

**Approval:** All formal approvals or disapprovals will occur prior to 30 days from the date we receive your filing.

- Deemer:** All filings that are not approved or disapproved within 30 days from the date we received receive your filing will be deemed approved 30 days from the received date. However, we will contact you about the filing if we subsequently notice statutory violations.
- Rates:** All “prior approval” filings will be approved for use 30 days from the date we receive your filing, unless you specify a future effective date that is on or after the received date. All “file and use” filings will be approved for use on the date we receive your filing, unless you specify a future effective date.
- Replacement:** Policy forms, rules, and rates replaced by proposed versions will be inactivated the date the new submission is approved.
- Withdrawn:** Policy forms, rules, and rates that are withdrawn will be inactivated 30 days from the received date, unless you specify an effective date on or after the date we receive your filing.

## **Chapter 1 - PROPERTY & LIABILITY FILING STRUCTURE**

The purpose of this chapter is to provide general instructions for completion of filing forms and attachments for any filing. Chapter 2 and Chapter 3 contain additional specific requirements for some lines of insurance and types of filings. Property & Liability Review Standards Checklists can be accessed by going to the OFIS home page at [www.michigan.gov/ofis](http://www.michigan.gov/ofis) and clicking on “Industry Services,” then “Insurance”.

Insurers and rating organizations are required by Michigan laws to submit filings for prior approval or acknowledgment. The completion of required filing forms provide you with a uniform method for submitting these filings.

Each insurance affiliate within a holding company must separately submit filings and each filing must contain a filing cover letter for us to stamp approval or acknowledgment for our records. Also, a duplicate filing cover letter must be attached so we can return it to you showing our stamped approval or acknowledgement. **For example, if you are filing for four affiliated insurers, you need to send four complete copies of the filing cover letter, filing forms, and attachments as well as one duplicate filing cover letter.** Insurers must also include a self-addressed envelope with sufficient postage to return the duplicate filing cover letter.

All filings submitted for “prior approval” or “file and use” acknowledgment should consider the requirements listed below. For your convenience, we have indicated when filing forms and attachments are mandatory.

### **The following items constitute an acceptable filing:**

- 1) One FILING COVER LETTER for each insurer or rating organization wishing to secure approval or acknowledgment of a filing - MANDATORY FOR EVERY FILING;

- 2) A DUPLICATE FILING COVER LETTER to indicate OFIS approval or acknowledgement - MANDATORY FOR EVERY FILING;
- 3) A self-addressed postage stamped envelope of sufficient size to return your duplicate filing cover letter - MANDATORY FOR EVERY FILING;
- 4) A FILING MEMORANDUM that identifies and explains changes being made to rules, rates, and policy forms. Please identify rule number, manual page number, and/or policy form number as applicable - MANDATORY, EXCEPT FOR NEW PROGRAM FILINGS;
- 5) The NAIC Property & Casualty Uniform Transmittal Documents;
  - a) **Form Filing Schedule** is MANDATORY when you will use new or revised policy forms/endorsements for the following lines of insurance and types of filings:
    - i. Those submitted by Rating Organizations (ISO, SAA, AAIS, etc.),
    - ii. Automobile Insurance (only when the insurer has not previously had a Michigan no-fault auto policy approved),
    - iii. Credit Property/Casualty Insurance.
  - b) **Rate/Rule Filing Schedule** is MANDATORY when you want to use new or revised underwriting rules, rating rules, rates, and/or rating systems.
- 6) Exhibits that support your rates by showing the premium, losses, loss ratio and expense ratio used to justify your new and revised coverages and classifications Pursuant to Bulletin 94-5, you are only required to file this information for new and revised rates and rating systems for personal lines insurance (private passenger auto, homeowners, personal umbrella, title, etc.).

For **Personal Auto and Homeowners** insurance, you must file an exhibit that shows the amount of any new and revised assessment recoupment fee(s) and the formula you used to determine the fee(s) for the policy term(s) utilized.

Insurers and rating organizations are free to provide any additional supporting information they feel is appropriate to assure OFIS staff that rates are not excessive, inadequate or unfairly discriminatory. This information may include past and prospective loss experience, both Michigan and countrywide; catastrophe hazards; underwriting profit and contingencies; dividends; past and prospective expenses; investment income; underwriting practice and judgment; and other relevant factors.

- 7) A complete set of sequentially numbered manual pages that contain every new or revised underwriting rule, rating rule, rating system, and/or rate you will use to

write coverage. **Underwriting Eligibility Rules are only required to be filed for personal automobile, homeowners, and medical malpractice insurance.** If you are revising a previously filed insurance program, you can submit only those manual pages that replace rules and rates previously filed with us. Please make sure that the revised pages contain each and every revision proposed in the filing and that they correspond to the sequential numbering scheme and rule/rate outline of the manual pages previously filed with us. Otherwise, you must file a complete set of sequentially numbered manual pages with corresponding rules and rates that replace the entire set of manual pages previously filed with us. A **sample revised** copy of each manual rule and rate page must be included when final printed manual pages are not submitted with the original filing cover letter. You will then have 90 days after approval to submit final printed manual pages for the filing, otherwise the filing approval will be withdrawn.

- 8) If Michigan law allows, you may become a member of a licensed rating organization (ISO, AAIS, SAA, etc.) and utilize manual pages containing rules and rates it has filed on its members behalf. Pursuant to MCLA 500.2406(3), (4) and 2421, rating organizations cannot file workers' compensation rules, rates, and policy forms on behalf of insurers. Also, you must file any manual pages you wish to utilize that deviate from the rules and rates currently on file for the rating organization, except in accordance with item **3. Deviation Filings by members of Rating Organizations** in Chapter 3. In addition, you cannot reference file the workers compensation rules and rates of any other insurer or affiliate.

**You cannot reference file the rules and rates of any other insurer or affiliate.**

Requirements for underwriting rules, rating rules, rating systems, and rates for particular lines of insurance appear throughout the Michigan Insurance Code. Please acquaint yourself with these provisions and give special attention to MCLA 500.2108, 2119, 2403, 2404, 2406, 2430(1), 2450(1), 2452(1), 2477, 2606(1)(4) & (5), 2628(1), 2646(1), and 2648(1). Also, acquaint yourself with Administrative Rules R500.901 thru 909, 1201 thru 1210, 1301 thru 1310, and 1501 thru 1521.

### **The Filing Cover Letter**

The FILING COVER LETTER should be addressed to OFIS- Insurance Product Review Unit.

Your caption (RE:) must identify the specific individual insurer seeking approval or acknowledgment and the type of insurance for which you are seeking rule, rate, and/or policy form approval or acknowledgement.

The body of the FILING COVER LETTER must briefly outline the new insurance program or proposed changes to the existing program. The letter must be signed by an individual authorized to make Michigan filings for you.

Any unusual features of a filing relative to coverage being sold by other companies shall be clearly described in the filing letter. Identify any policy forms, riders, rules, and/or rates contained in the filing that were previously disapproved or called to your attention by us for correction or revision.

When a policy form/rate being filed ties in with another currently in use, the filing cover letter shall identify the type of policy form/rate with which the new filing ties in and the policy form numbers and shall specifically describe the nature of the tie-in.

### **The Filing Memorandum**

The FILING MEMORANDUM must provide in-depth information about the revised rules, rates, policy forms, and endorsements.

It must also prominently display the name of the specific individual insurer and the line of insurance to which it pertains. The body of the filing memorandum must contain an itemization and explanation of new and revised rules, rates, and policy forms and identify where changes occur in them

### **Completion of NAIC Property & Casualty Uniform Transmittal Document**

Please see the NAIC Property & Casualty Uniform Transmittal Document Instructions [\[PDF\]](#)

### **Policy form submissions**

You must indicate a readability score of 45 or more pursuant to MCL 500.2236(3) for each policy form submitted.

## **Chapter 2 -PROPERTY & LIABILITY FORM FILING SPECIFICS**

The purpose of this chapter is to provide additional instructions for policy form and endorsement filings. OFIS Bulletin 97-3 and the **FILING REQUIREMENTS** section of this chapter show the lines of insurance and circumstances under which policy forms and endorsements must be filed. **All other property & liability forms are exempt from filing pursuant to Bulletin 97-3. Any submission that is not required will be returned un-reviewed.**

### **PROVISIONS OF LAW**

Requirements for policy forms and endorsements for particular lines of insurance appear throughout the Michigan Insurance Code. Please acquaint yourself with these provisions and give special attention to MCLA 500.2236.

## **FILING REQUIREMENTS**

When submitting policy forms for approval you must provide the following, in addition to Chapter 1, item 5 requirements on page 4 under “**The following items constitute an acceptable filing:**”

- 1) New or revised policy forms/endorsements for the following lines of insurance and types of filings:
  - a) Those submitted by Rating Organizations (ISO, SAA, AAIS, etc.);
  - b) Automobile Insurance (only when the insurer has not previously had a no-fault auto policy approved in Michigan);
  - c) Credit Property/Casualty Insurance.

**All other property & liability policy forms/endorsements are exempt from filing and should not be submitted pursuant to OFIS Bulletin 97-3.**

### **Policy Form Submission**

Submit one sample (draft) or final print copy of each new or revised policy form referenced in a filing. Once sample (draft) copies of policy forms are approved, final printed copies of the forms must be submitted within 90 days of the effective date or approval will be withdrawn.

Policy forms utilized in Michigan must comply with all specific provisions of Michigan law and with the following requirements:

- 1) A unique identifying form number must be printed on each policy form and endorsement submitted for approval;
- 2) The specific name of the individual insurer submitting the filing for approval must be clearly printed on each policy form, pursuant to MCLA 500.454;
- 3) Each policy form must more prominently display the name of the individual insurer submitting the filing for approval than any other name(s) displayed;
- 4) Language in a policy form may not refer to any constitution, bylaws, rules, application or other documents unless the documents are submitted for approval;
- 5) You cannot change policy provisions mid-term unless required by state or federal law, except when the policyholder requests additional or reduced coverage as offered in your filed rule/rate manual pages.

### **Renewal Certificate**

This is a renewal declaration that extends the policy for an additional term without

providing the policyholder with the complete insurance contract. It can be issued when the policy form has not been revised, however it must show the following:

- 1) Insurance Company name;
- 2) Policyholders' name;
- 3) Policy number;
- 4) New policy term;
- 5) Renewal premium;
- 6) The instruction, "Attach this certificate to your previously issued policy form."
- 7) Any change in classification and coverage limits from the expiring policy unless conveyed by another policy form;
- 8) A statement that "Policy forms that replace language in previously issued policy forms will be substituted at each renewal date."
- 9) A statement that, "This policy is being renewed at rates in effect on the date of renewal."

### **Chapter 3 – SPECIFIC TYPES OF RULE/RATE FILINGS**

This chapter provides specific additional instructions for filing underwriting rules, rating rules, rating systems, and rates for specific types of rule and rate filings. **Please review MCLA 500.2236(8)(e)(ii), MCLA 500.2401(2)(d), MCLA 500.2601(3)(f), Bulletin 94-5, and Bulletin 95-1 before proceeding because it may not be necessary for you to submit commercial or other types of filings.**

### **FILING REQUIREMENTS**

In addition to Chapter 1 requirements, which begin on page 4 under "**The following items constitute an acceptable filing**", the following six types of filings must meet specific requirements when filed with us:

#### **1) Deviation Filings by Members of Rating Organizations**

Michigan law provides that insurers may become members/subscribers of licensed rating organizations for all property and liability insurance coverages, **except workers' compensation insurance**. If an insurer grants authority to a rating organization to make filings on its behalf as a member or subscriber, then



the insurer is required by law to adhere to the filings made on its behalf, unless the insurer files rule and/or rate deviations pursuant to MCLA 500.2450, 2452, 2646 or 2648.

We accept two types of deviation filings from insurers. The first type of deviation (TYPE 1) is a rule and/or rate that differs from a specific rule and/or rate filed on the insurer's behalf by a rating organization. The second type of deviation (TYPE 2) is a delay in implementation of a filing made on the insurer's behalf by a rating organization. The TYPE 2 deviations are called Time Deviations. If, for reasons other than a delay in implementation of no greater than 1 year in duration, an insurer chooses not to adopt a filing made on its behalf by a rating organization, a TYPE 1 deviation must be filed.

- a. For TYPE 1 deviations, sequentially numbered exception manual pages reflecting the proposed new or revised rules and rates, which follow the rule numbering scheme outlined in the rating organization's manual for the specific coverage must be filed.

Insurers wishing to delay implementation of a rating organization filing may file a TYPE 2 time deviation. PLEASE NOTE: We will not approve a delay of implementation of indefinite duration. If an insurer cannot nominate an effective date for adoption of a filing made on its behalf, or chooses not to adopt the rating organization's filing, then the insurer must submit the manual pages it is currently using as a TYPE 1 deviation to those filed on its behalf by the rating organization unless the insurer has already filed these pages. Filed deviation pages will remain in effect until withdrawn by the insurer and will supersede pages for the specific rules and/or rates subsequently filed by the rating organization.

- b. For TYPE 2 deviations, an FIS 0782-Time Deviation Data Sheet is MANDATORY

## 2) **Individual Risk Filings**

A fully completed original and one copy of FIS 0797-Michigan Application for an Individual Risk is MANDATORY for excess rates for specific policyholders (rates that are different from those you wish to remain on file for underwriting all other policyholders) for all lines of insurance and subdivisions where filing requirements have not been suspended by the Commissioner's Order No. 81-3055-M.

## 3) **Entire Subdivisions Subject to Judgment Rating**

An (a) - rate rule must be contained on a manual page filed with and approved by the OFIS-Insurance Division for each program that you propose to judgment rate. THIS TYPE OF RATING MAY NOT BE USED FOR ANY PROGRAM UNTIL AN (a) – rate RULE IS FILED AND APPROVED.

MCLA 500.2410 and 2610 of the Insurance Code provide that the Commissioner of Insurance may, by written order, suspend or modify the requirement of filing for any kind of insurance subdivision or class of risk, for rates that cannot practicably be filed before they are used. Administrative Rule R 500.641 provides the factors that the Commissioner must take into account prior to issuing a written order suspending or modifying any filing requirement. On November 13, 1981, the Commissioner issued Order No. 81-3055-M, suspending the filing requirement for the following commercial lines of insurance:

Boiler & Machinery	General Liability
Burglary & Theft	Glass
Commercial Auto	Inland Marine
Excess Workers' Compensation	Livestock
Fidelity & Surety	Miscellaneous
Fire	Sprinkler

However, pursuant to the Commissioner's 1981 order, all (a) - rates and supporting information for which the filing requirements have been suspended must be kept on file at the insurer's home office. Each rate must remain on file for a period of not less than 3 years from its expiration date. All (a) - rates shall be available for review when requested by OFIS.

The following or similar language must be used for each (a) - rated program rule:

(Line of Insurance) (Name of Program)

Risks written under this program will be (a) - rated. A file of all risks will be maintained in the home office of the company for a period of not less than 3 years from the expiration date of each risk.

**ALL (a) - RATES REMAIN SUBJECT TO THE REQUIREMENTS OF MCLA 500.2027, 2403, AND 2603.**

#### 4) **Rate Filings Using Loss Cost Reference Documents**

Filing form FIS 0789-LOSS COST MULTIPLIER MANUAL PAGE. is **MANDATORY** when using a rating organization's loss cost reference document. All class codes used must coincide with rating organization classes. Additional classes must have verbal descriptions in addition to their numerical identification.

Michigan law provides that insurers may become members/subscribers of licensed rating organizations for all property and liability coverages, **except worker's compensation insurance.**

5) **Medical Malpractice Insurance Underwriting Policy Statement**

**This instruction does not apply when the company uses the MCLA 500.2236(8)(e)(ii), MCLA 500.2401(2)(d), and MCLA 500.2601(3)(f) commercial filing exemption.** Sequentially numbered manual pages displaying the new or revised statement of underwriting policy for insurers writing professional liability insurance for physicians and surgeons. Administrative Rule R 500.904 requires insurers to file a statement of their underwriting policy in objective terms.

6) **Medical Malpractice Insurance Merit-Rating Plan**

**This instruction does not apply when the company uses the MCLA 500.2236(8)(e)(ii), MCLA 500.2401(2)(d), and MCLA 500.2601(3)(f) commercial filing exemption.** Sequentially numbered manual pages displaying the new or revised merit-rating plan for medical malpractice insurance. This plan must adjust rates based upon the risk management measures implemented by policyholders and may provide for a premium surcharge based on the filing of an action against the insured. MCLA 500.2404(2) requires these merit-rating plans to:

- a. Be filed with the Commissioner of Insurance.
- b. Not be based on a negative action filed against the insured more than three years immediately preceding the issuance or renewal of the policy.
- c. Not be based on a negative action for which the insured has been judged not liable, or for an action that has been dismissed or settled without indemnity being paid on behalf of the insured.
- d. Not be based on a negative action for which the insurer pays, on behalf of the policyholder, indemnity and loss adjustment expenses with respect to that action in an amount that is less than 51 percent of the annual premium paid by the insured for the policy period covering such action.

**Here are a few frequently asked questions that will help you submit acceptable filings:**

**HOW DOES AN INSURER COMPLETE THE FIS 0789-LOSS COST MULTIPLIER MANUAL PAGE?**

Fill in the information identifying the manual, rating organization and line of insurance. Your page number in the box at the lower right will be used for our record keeping and must be referenced on filing form FIS 0705 when summarizing manual pages filed, replaced, and withdrawn.

FIS 0789 becomes the official record of the company's multipliers and expense fees used to calculate final premiums. Therefore, careful preparation of this document will enable

us to decide if you have fulfilled your legal requirement to file your rates and rating plans. Please note this page must be used in conjunction with the rating organization loss cost document to calculate final premiums.

WHAT NEEDS TO BE DONE IF YOU DO NOT WISH TO ADOPT A RATING ORGANIZATION LOSS COST REFERENCE DOCUMENT?

Follow the directions for a TYPE 1 deviation as explained in item **1. Deviation Filings by Members of Rating Organizations, Subsection a)** on page 9.

DOES THE LAST SET OF RATING ORGANIZATION MANUAL RATES REMAIN ON FILE?

No. Therefore, you must follow the instructions for the appropriate type of deviation explained in item **1. Deviation Filings by members of Rating Organizations, Subsections a) and b)** on page 9, if you do not wish to use the current loss cost reference document filed by your rating organization.

DOES A LOSS COST MULTIPLIER REMAIN ON FILE FOR USE WITH FUTURE LOSS COSTS REFERENCE DOCUMENTS?

Yes, any multiplier you file will apply to any new loss cost reference document filed by your rating organization, until you file a different multiplier. Once your rating organization files a new loss cost reference document, your filed multiplier no longer applies to the rating organizations' previous loss cost reference document unless you submit a filing to us in accordance with the TYPE 1 deviation instructions in item 1. **Deviation Filings by members of Rating Organizations, Subsection a)** on page 9.